

**NIH Supervisory Guidance**  
**Rev May 2005**  
**Closing Out and Establishing Performance Contracts**

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**COVERAGE:**

**PERFORMANCE CONTRACTS** will be used for NIH executives, managers, and “professional” supervisors in two-grade interval promotion patterns, e.g., GS 9 – 11. This includes General Schedule, Title 42, and certain other positions, at NIH.

*SES Members will no longer use contract “shells” since they now serve under a new, multi-tiered performance rating system, with new forms. Refer to that guidance for specific information.*

**CLOSE-OUT:**

NIH managers and supervisors should finalize performance rating cycles, as in the past. Supervisors should schedule and conduct face-to-face discussions with employees about their work accomplishments and the basis for assigned ratings. Managers must indicate the appropriate summary rating on the appraisal form cover sheet. However, they may also provide qualitative and/or quantitative narrative supervisory feedback regarding attainment of program outputs or other aspects of the contract, if desired. Employees will receive the original performance plans, and copies will be maintained for administrative records.

**The Workforce Relations Division, OHR should be contacted immediately if there are performance problems and/or it appears an employee will not achieve a program output, management improvement initiative, or other performance expectation which has been stated in the performance contract. Additional written feedback must be provided by supervisors, in this case, and remedial action may be required.**

**ESTABLISHING NEW CONTRACTS:**

To establish new performance contracts for the new fiscal/calendar year, you should review the complete list of the revised “One-HHS” Program and Management Objectives. Program objectives 3 – 7 were selected from this full list of HHS Program Objectives as those pertinent to the NIH mission.

Those five objectives are aligned with the President’s Management Agenda; the HHS Strategic Plan for Fiscal Years 2003 – 2009; and the NIH GPRA goals. They provide a focus for NIH activity; set the framework for the development of individual NIH performance contracts; and “cascade” throughout all levels in the organization, impacting the work performed by all employees.

Supervisors should discuss and develop employee performance contracts in collaborative fashion with employee input. Performance expectations and requirements should be clearly conveyed. Copies of established contracts should be provided to employees.

#### Cover Sheets

Complete the pertinent employee and organizational information on new performance appraisal cover sheets. Select the appropriate cover sheet from among these options: SES; Title 42; and General Schedule.

The Title 42 and General Schedule cover sheets are located in:

<http://hr.od.nih.gov/PerfMgmt/2004Booklet.htm>

as forms B and C, respectively, in Attachment P.

#### Contract Shell

##### **Mission:**

Insert the appropriate IC Mission in the designated portion of the contract shell. The blank contract shell is located in Attachment K, at <http://hr.od.nih.gov/perfmgmt/2004booklet.htm>. Be sure to include current dates, on your forms.

##### **End-Outcomes:**

Insert these five universal NIH Program Objectives in the End-Outcomes portion of the new contract shell:

1. Emphasize preventive health measures (Preventing Disease and Illness)
2. Prepare for and effectively respond to bio-terrorism and other public health emergencies (Protecting our Homeland)
3. Improve health outcomes (Preventing Disease and Illness)
4. Improve the quality of health care (21<sup>st</sup> Century Health Care)
5. Advance science and medical research (Improving Health Science)

##### **Intermediate Outcomes:**

Identify and state pertinent Intermediate Outcomes on the contract shell that support or lead to the accomplishment of the End-Outcomes. The Intermediate Outcomes are program-driven; bear relationship to the mission and broad goals of the Institute, Division, or Branch; and should be measurable.

##### **Management Improvement Initiatives:**

##### **("ONE HHS" 10 DEPARTMENT-WIDE MANAGEMENT OBJECTIVES)**

Insert the pertinent revised One-HHS Management Objectives in the contract shell in the space provided for Management Improvement Initiatives.

The objectives (initiatives) selected should be stated in measurable terms. For Executive and some senior-level positions, most of the objectives (initiatives) will probably be relevant. For division directors, senior analysts, and certain other senior positions, several may apply. For

supervisors at lower organizational levels, it is likely that few or none will apply. Any items selected can be “customized” and re-worded on the contract to fit the employee performance expectations.

**NEW:** IC Directors: For Management Improvement Initiatives/Management Outcomes, include the following under #1, Implement Results-Focused Management:

- **Achieve a 10% increase in program performance over the next three years: Provide appropriate outreach and support to encourage electronic submission of applications to NIH programs available through *grants.gov*.**

#### **Program Outputs:**

Develop attainable, specific, measurable, Program Outputs that “cascade” from the broad programmatic and management objectives (“management improvement initiatives”) stated in the contract, and that support the work performed by managers at higher levels in the chain of command. List the outputs on the contract shell.

#### **Additional Critical Elements, to be incorporated in contracts**

Ethics: NIH managers and supervisors with ethics responsibilities should access the NIH website, National Institutes of Health Ethics Program: <http://ethics.od.nih.gov/> to download the pertinent forms (see “Ethics Critical Elements for DECS and Supervisors” bullet).

Payment Recovery: Managers with responsibilities for reducing and recovering improper payments should follow the attached guidance when developing contracts/plans.

#### **EEO Requirements:**

Two forms for the EEO critical element are provided: one for executives, and one for managers/supervisors. These forms are located at the following website as Attachments N and O, respectively: <http://hr.od.nih.gov/PerfMgmt/2004Booklet.htm>

The items listed on each form may be customized to fit the employee situation. It is likely that senior managers will have responsibility for most, if not all, of the items listed, for their elements. Supervisors in smaller units may not have responsibilities for all suggested items.

#### **RESOURCES**

Please contact the Office of Human Resources, Workforce Relations Division, if you have questions about developing performance contracts. **Also, please contact this office at the earliest possible stage, as stated, if you observe employee performance problems.**